

Publication:	Times of India	Edition:	National
Date:	December 8, 2012	Page:	13

Franchisee whets Big Mac's appetite

Hardcastle To Merge With Listed Co

TIMES NEWS NETWORK

Mumbai: Hardcastle Restaurants, one of the two Indian master franchisees of fast food giant McDonald's, will merge into publicly listed group company Westlife Development, helping investors to chomp on the burger chain's domestic consumption story. The development tracks a blockbuster stock market debut of Jubilant Foodworks, which holds the rights for Domino's Pizza and Dunkin' Donuts, two years ago.

Mumbai-based Jatia family is reorganizing the group businesses, which will make Hardcastle Restaurants a 100% subsidiary of Westlife Development, listed on the Bombay Stock Exchange. The burger chain's sales will make up most of Westlife's revenues pegged at Rs 547 crore in the last fiscal. Hardcastle's 148 McDonald's quick service restaurants in the southern and western states raked in Rs 544 crore, jumping 126% against the previous year.

"This will open up a window for us to raise capital for expansion when it is required as currently we are well funded. The process of merger with Westlife will take around 6-9 months," Hardcastle Restaurants vice chairman Amit Ja-

COMBO PLAY

► Hardcastle would explore the IPO route to speed up expansion

► Hardcastle Restaurants reported a **126% growth** in profit for the financial year 2011-12

► Westlife's consolidated revenues stood at **₹547cr**, of which Hardcastle's revenues were **₹544cr**



tia told TOI. The merger will also allow investors to participate in the local growth story of McDonald's, he added.

Jatia acquired 50% held by McDonald's in Hardcastle Restaurants for an undisclosed amount last year, giving the company full financial control to speed up expansion. The Louisville, Kentucky-based Yum! Brands announced that it has created a separate corporate reporting unit for its India business, just like the one in China, signalling the significance of the market opportunity here. Vikram Bakshi's Connaught Plaza Restaurants manages Big Mac's northern

and eastern region.

India's urbanizing growth has heightened global investor interest in the F&B industry, especially in the quick service restaurant (QSR) space, which is increasingly seen as a proxy for the consumer sentiments. Last year, ICICI Ventures invested in Devyani International that operates Pizza Hut, KFC and Costa Coffee outlets. In other deals, India Equity Partners acquired Delhi-based Sagar Ratna, while New Silk Route took controlling interest in Bangalore chain Adiga's.

Everstone Capital owns one of the largest restaurant groups Blue Foods, which operates brands like Copper Chimney, Noodle Bar and Bombay Blue. A private equity arm of Standard Chartered invested in Varun Beverages, which is the largest Pepsi bottler in South Asia. Tata group stocks, Tata Global Beverages and Tata Coffee, have seen a re-rating after the recent joint venture with Starbucks.

"The entire F&B industry has been re-rated in recent years, especially after the Jubilant Foodworks listing. And there appears to be an investor rush into sector right now," said Sanjay Jain, director at Taj capital, a New Delhi-based boutique investment advisory.